

## Weekly Market Update

July 2018

### BUSINESS THIS WEEK – SME IPO

- Small and medium enterprises (SMEs) raised a staggering Rs. 825 crore through initial public offerings in the first quarter of 2018-19, more than two-fold jump from the preceding financial year. A total of 47 companies got listed with initial shares sale offers worth Rs. 825 crore during April-June quarter of 2018-19 as compared to 24 firms which tapped the IPO route to garner Rs. 310 crore in the same period of the previous year, as per the data provided by merchant banker. This reflects a significant rise in the amount raised through SME platforms of BSE and NSE. Further, average issue size also increased to over Rs.17 crore during the period under review from Rs.13 crore in the first quarter of 2017-18.
- In a bid to enhance insurance coverage to micro, small and medium enterprises (MSMEs) exports, the Cabinet Committee on Economic Affairs has approved capital infusion of Rs 2000 crore to Export Credit Guarantee Corporation (ECGC). It has also approved contribution of grant-in-aid (corpus) of Rs 1,040 crore to National Export Insurance Account Trust (NEIA) to promote project exports. Addressing a press conference after the cabinet meeting chaired by Prime Minister Narendra Modi, Union Minister Piyush Goyal said, "The funds to ECGC would be infused in 3 financial years - Rs. 50 crore in 2017 - 18, Rs.1,450 crore in 2018-19 and Rs. 500 crore for 2019 - 20."
- India's manufacturing conditions improved in June at the strongest pace since December 2017, supported by the sharpest gains in output and new orders in 2018 so far, said Nikkei India Manufacturing Purchasing Managers' Index Report. The Manufacturing PMI rose to 53.1 in June from 51.2 in May. A reading above 50 indicates an expansion in manufacturing activity while one below 50 points to contraction.
- Suggesting a plan for dealing with bad loans up to Rs 50 crore, the Sunil Mehta - Panel has said that under the SME Resolution Approach (SRA), loans up to Rs 50 crore would be dealt using a template approach supported by a steering committee. The panel has recommended that the resolution should be non- discretionary and completed in a time bound manner within 90 days.
- With the double digit growth in credit facility to medium, small and micro enterprises (MSMEs), the MSME players of services sector have been benefited rather than those belong to manufacturing. According to data released by Reserve Bank of India (RBI), bank credit outstanding to MSMEs grew only 0.2 percent year-on-year to Rs 3.61 lakh crore, as on May 25. On May 26, 2017, bank credit outstanding to manufacturing MSMEs stood at Rs. 3.6 lakh crore, 0.1 percent higher than a year ago.
- Fusion Microfinance Pvt. Ltd, a leading NBFC-MFI in India, has reduced its current lending rate of interest on loan disbursement for all customers. As per the new revised rates, the existing customers can avail the loans at a reduced rate of 23% instead of previous 24.6% rate. The interest rate for existing customers has been reduced by 140 basis points. While for the new customers, the rate of interest to avail loans has been reduced to 23.5% from 24.6%.
- Exports from Uttar Pradesh from the Micro, Small and Medium Enterprises (MSMEs) sector has registered a growth of almost 6% during 2017-18. It was revealed by UP Khadi, MSME and Export Promotion Minister Satyadev Pachauri. MSME exports which stood at about Rs 840 billion during 2016-17 have touched Rs 840 billion during 2017-18.
- Nisus Finance, which recently set up its non-banking financial company (NBFC) named Nisus Fincorp, has sealed its debut deal through the lending platform. The firm has invested \$250,000 in venture debt in Bengaluru-based co-working startup ClayWorks Spaces Technologies Pvt. Ltd, the company said in a statement. ClayWorks will use the capital to operationalise its new boutique shared office space located off MG Road in Bengaluru and to open two new centres in Koramangala and Bannerghatta Road. With the two new centres, ClayWorks' total seating capacity will cross 1,000 within this financial year, the company said.
- International Finance Corporation (IFC) plans to invest up to \$30 million (Rs. 205 crore) in chemicals firm Camlin Fine Sciences Ltd to finance the development of a new unit, as well as for other purposes. The capital infusion in the listed firm will be through debt and quasi-equity instruments, the World Bank's private-sector investment arm said in a disclosure.
- Flemingo Travel Retail Ltd, one of the world's largest duty-free and travel retail operators, has received the green light from Securities and Exchange Board of India (SEBI) to float an initial public offering (IPO). Mumbai-based Flemingo Travel, which was originally incorporated as DFS India Pvt. Ltd, will issue fresh shares worth Rs. 2,423 crore besides an offer for sale of nearly 1.13 million shares by one of its subsidiary firms, Flemingo Duty Free Shop Mumbai Pvt. Ltd. Flemingo Travel is wholly-owned by Flemingo International BVI Ltd, which is based in Dubai and operates duty-free stores at airports, seaports, and borders. It has a presence across 33 countries with operations in Asia, Africa, Europe and Latin America. Flemingo Travel's IPO size is pegged at approximately Rs. 2,500 crore (around \$370 million).

### TOP 5 PERFORMERS IN LAST 6 MONTHS

Company Name	Listed On	Issue Price	Listing Day Close	Listing Day Gain	Current Price	Profit (%)
Mahickra Chemicals Limited	Apr 26, 2018	25	36.75	47%	45.8	83.2
Megastar Foods Limited	May 24, 2018	30	31	3.33%	44.9	49.67
Orissa Bengal Carrier Limited	Apr 5, 2018	30	33.45	11.5%	40	33.33
E2E Networks Limited	May 15, 2018	57	89	56.14%	69.6	22.11
MMP Industries Limited	Apr 12, 2018	188	199.5	6.12%	243	29.26

### UPCOMING SME IPOs

Issuer Company	Exchange	Issue Open	Issue Close	Offer Price (Rs)	Issue Size (in Rs Crore)
Avon Moldplast Limited IPO	NSE SME	Jul 12, 2018	Jul 18, 2018	51	4.51
Ambani Organics Limited IPO	NSE SME	Jul 6, 2018	Jul 10, 2018	66	9.03
Raw Edge Industrial Solution Ltd IPO	BSE SME	Jul 5, 2018	Jul 10, 2018	72	16.50

### INVESTMENT BANKING SERVICES

- IPO / FPO / Rights Issue
- Corporate Restructuring / Debt Raising
- Takeovers & Substantial Acquisitions
- Fairness Opinions / Valuation Certificates
- ESCOP Advisory
- IPO Syndication
- Private Equity Advisory
- Direct Listing from Regional Stock Exchanges
- Merger / Demerger / Amalgamations
- Underwriting
- Delisting
- Buyback
- Offer for Sale
- Market Making

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